No. 17721

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

SUNSET HOUSE DISTRIBUTING CORP., a corporation, and AMERICAN COVER CO., INC., a corporation,

Appellants,

vs.

VERNA H. DORAN, WILLIAM E. DORAN and VERNA H. DORAN, dba PLASTI-PERSONALITIES, a sole proprietorship,

Appellees.

Appeal From the United States District Court for the Southern District of California, Central Division.

REPLY BRIEF OF APPELLANTS.

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Preliminary Statement.

As we read it, appellees' "Statement of the Case" (Appellees' Br. pp. 2-6) adds nothing to the review of the *pertinent evidence* contained in appellants' Opening Brief. Appellees do, however, appear to emphasize the question of unfair competition, while at the same time acknowledging that appellants' contentions ". . . boil down to a single underlying inquiry: Were appellees entitled to obtain a valid copyright for their Santa Claus figure?"

Appellants agree with appellees' compact version of the issues. There are, however, some basic misconceptions revealed by Appellees' Brief, which we feel should be clarified at the outset. These misconceptions are:

(1) Appellees contend, at page 7, that appellants "primarily base their case upon the theory that no valid copyright can be obtained for a representation of Santa Claus. Appellants make no such broad contention, but do contend that the *idea* of a plastic, life-size Santa Claus, *per se,* including the common conception of Santa Claus' costume and physical appearance, other than a particular facial expression, cannot be withdrawn by copyright. (*Barton Candy Corp. v. Tell Chocolate Novelties Corp.,* D. C. N. Y. 178 Fed. Supp. 577.) In fact, appellants concede, at page 11 of their Opening Brief, that appellees could probably copyright their face mask and belt buckle, which were admittedly *not* copied by appellants. The end result of both products (appellants' and appellees' Santa Claus) is a life-size manikin. This similarity alone could not result in an infringement. In addition, both manikins achieve the common childhood conception of Santa Claus, which appellants submit cannot be monopolized by appellees. This leaves the basic distinguishing characteristic of all people—real or fictional—the face. The faces on the two Santa Clauses at issue are different, a fact acknowledged by appellees and the trial court, and confirmed by mere inspection. It is respectfully submitted that had appellees copyrighted their Santa Claus mask alone, and had appellants copied that mask, an infringement would be apparent. Here, however, appellees seek to support the copyright of their *entire* figure of Santa Claus.

(2) Appellees emphasis on the unfair competition aspect of this case is out of place and not an issue on this appeal. As stated in Appellants' Opening Brief, the trial court did not award appellees any damages for the alleged unfair competition and appellees indicate, at page 14 of their Brief, that the trial court committed an error in failing to award damages. It is to be noted that no cross-appeal was filed and, therefore, reference to these matters is wholly irrelevant. The fact that appellants have been enjoined from infringing appellees' copyright is in no way related to appellees' claim of unfair competition, but merely the usual judgment rendered in a successful lawsuit based on an infringement of a copyright.

(3) Appellees state, at page 11, that "minor modifications" in their design of the Santa Claus, made subsequent to the issuance of the copyright, in no way affect the validity of their copyright. It is significant that no cases are cited to support this contention. Appellees claim that they do not understand the pertinence of this argument. We think the pertinence is obvious.

The primary right conferred by a copyright is to give the owner the sole right to "copy" the "copyrighted work." If one copyrights a particular item, and then alters that item and copies the *altered* item, he is obviously not copying the copyrighted item, and hence loses the monopoly granted by a statutory copyright. 17 U. S. C. A., Section 1, clearly provides as follows:

> "Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right:
>
> (a) To print, reprint, publish, *copy* and vend *the copyrighted work.*" (Emphasis added.)

It is probable that appellees found no cases in support of their position because it is apparently unique for one to attempt to extend the protection granted by the copyright laws to include the right to copy altered versions of the copyrighted work.

(4) Appellees contend, at page 13, that questions 5 and 6, stated at pages 6-7 of Appellants' Opening Brief are new theories and that appellants never before have raised these questions. We respectfully refer appellees to page 150 of the Reporter's Transcript.

Appellees' Brief Itself Demonstrates the Lack of Merit in Their Position.

Appellees state, at page 8 of their Brief, as follows:

> "Actually, there are many variations and representations of Santa Claus, and any *careful examination* of Christmas displays will reveal that each artist shows Santa Claus *slightly altered* from every other illustration of this legendary personage." (Emphasis added.)

Appellants agree with this statement.

It is stipulated that appellants' version of Santa Claus is different from appellees' version. At page 10 of Appellees' Brief, they state:

> "Of course, there are *minor variations* between the Santa Clause (*sic*) produced by appellants and that copyrighted by appellees." (Emphasis added.)

Appellees contend that these "minor variations" are inconsequential, since it is not necessary to appropriate the entire copyrighted work to constitute an infringement. At page 11 of their Brief, appellees contend that there is no substance to appellants' argument that

appellees' copyright is not valid "because appellees made certain *minor modifications* in their design as the final production version. . . . Appellees made only the *slightest change* and sold the Santa Clause (*sic*) both with and without this *trivial variation.*" (Emphasis added.)

When is a change not a change—a modification not a modification—an alteration not an alteration—or a variation not a variation?

On the one hand, appellees state that a "careful examination" reveals that all Santa Clauses are only "slightly altered" versions of each other. Appellees then attempt to mitigate their own "slightest change" and/or "trivial variation" of their version of Santa Claus as having no effect on the validity of their original copyrighted Santa Claus. By their own admission, their "slightly altered" Santa Claus becomes an entirely new creation, different from the one copyrighted, and, therefore, not protected by the copyright.

Turning to appellants' Santa Claus, admittedly containing "minor variations" from appellees' Santa Claus, or if you will—"slightest change", "trivial variation", "minor modifications", and/or "slightly altered"—do we not, by appellees' own statement, have yet another new creation? Appellees ask this court to hold that one person may make a "slightly altered" version of Santa Claus and not infringe; that appellees can make "minor modifications" in their Santa Claus and not affect their copyright; but that appellants can make "minor variations" and still infringe on a Santa Claus once removed from the copyrighted version. We submit that this is not only unsound logic but contrary to the law.

Appellants have admitted, for the sake of argument, that they appropriated appellees' idea, a three-dimensional life-size Santa Claus, and the functional aspects of the item, stuffing the plastic bag with papers to give dimension. However, it is elementary that the foregoing are not protected by a copyright. Appellants repeat their contention that appellees have not acquired a monopoly on the human form or the physical characteristics of Santa Claus and the various aspects of Santa Claus' costume. These are part of the public domain, borne of necessity by reason of the fact that the subject is substantially identical in the minds of all Americans. Any variation on this theme and we do not have a Santa Claus—but something else.

Conclusion.

We believe that the record in the case at hand, as well as Appellants' Opening Brief, gives no cause for appellees' statement that the "appeal is entirely spurious in nature, serving only as harassment, without any substantial basis." This is a glib, unsupported accusation designed to avoid the issues. Appellants believe they have presented to the court a sound, valid argument on the law. If this is the basis upon which appellees contend they are entitled to additional attorneys' fees, we respectfully submit that they have given no legal or intelligent basis for the court to make such an award.

There is no issue concerning unfair competition. The trial court failed to award appellees any damages therefor, and no question has been raised on this appeal. We respectfully point out that an action in unfair competition must be "joined with a substantial and related claim under the copyright . . . laws." (28

U. S. C. A. 1338(b).) At the time this action was filed, appellees had an action for unfair competition pending in the Superior Court for Los Angeles County against the appellants herein, and we respectfully submit that, if such a cause of action exists, that is where it belongs [T. 122-124].

Appellants earnestly contend that appellees' claim to a valid copyright on their entire representation of Santa Claus, and appellants' infringement thereof, as well as the judgment of the trial court, are in error. Appellants believe that they have clearly demonstrated that:

(1) The idea and functional aspects of appellees' Santa Claus are not protected by a copyright. The basic visual conception of Santa Claus—the costume—is part of the public domain and cannot be withdrawn by copyright. (*Barton Candy Corp. v. Tell Chocolate Novelties Corp., supra; Mazer v. Stein,* 347 U. S. 201; 37 C. F. R. (1961) 202.6.)

(2) Changes made by the appellees in their purported copyrighted version of Santa Claus vitiate any rights they may have had by virtue of that copyright.

(3) Appellees admit that the only possible change in *a* Santa Claus is one that is "slight" and hence a "slight" or "minor" change is sufficient.

Assuming appellants copied anything, at most they copied part of an uncopyrighted work. Even on the assumption that the copyright is sustained by this Honorable Court, appellants only copied the idea and functional aspects of the item, which are clearly not protected. The only truly original parts of appellees' Santa Claus, the face and belt buckle, were not copied. Naturally, the end result is two items that look substantially

the same, since both stem from a common legendary source which is part of the public domain. As testified to by Mrs. Doran on cross-examination:

> "Q. What sort of concept, then, had you? Did you have a specific concept, any specific concept when you commenced your program? A. Just my idea of Santa Claus.
>
> Q. In other words, Santa Claus as we know him, more or less; is that correct? A. Yes.
>
> Q. As close to the human form as your process would allow? A. That's right, yes." [T. 75.]

Appellants respectfully submit that there has been no infringement.

For the foregoing reasons, the judgment should be reversed with directions to dismiss the complaint.

Respectfully submitted,

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